

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

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NSC-05 PA-01 PRS-01 SS-15 USIA-06 STR-04 /089 W

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SUBJ: REACTIONS TO ECONOMIC MEASURES

REF: LISBON 2189, 2190, 2191, 2195

SUMMARY: APRIL 16 ANNOUNCEMENT OF STRONG ECONOMIC MEASURES HAS BEEN GREETED BY FAIRLY UNIVERSAL REJOICING AMONG "PROGRESSIVE" FORCES, WITH SOME CRITICISMS AND CONSIDERABLE HALF-HEARTEDNESS ON PART OF OTHERS. END SUMMARY.

1. APRIL 16 ANNOUNCEMENT BY GOVERNMENT OF STRONG ECONOMIC MEASURES (REFTELS) HAS THUS FAR BEEN AT LEAST PUBLICLY GREETED WITH MOSTLY ENTHUSIASM AND "REJOICING."

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2. LARGE DEMONSTRATION IN LISBON SAME EVENING WAS ORGANIZED BY COMMUNIST PARTY (PCP), WITH PORTUGUESE DEMOCRATIC MOVEMENT (MDP/CDE), INTERSINDICAL, AND COMMUNIST SATELLITE PARTIES PARTICIPATING. CROWN ESTIMATES RANGED UP TO HIGH OT 100,000; IN ANY CASE, IT WAS A LARGE TURNOUT. GROUPS FROM VARIETY OF ENTERPRISES (SOME NOT YET NATIONALIZED) AND UNIONS MARCHED UNDER THEIR OWN BANNERS. PROMINENT AMONG CHANTS WAS "WHERE ARE THE PS AND PPD (SOCIALIST AND POPULAR DEMOCRATIC PARTIES)?"

3. APRIL 17 PAPERS CARRIED ASSORTED COMMUNIQUE. UNIAO ELECTRICO WORKERS, REJOICING IN THEIR COMPANY'S NATIONALIZATION, DEMANDED THAT COMPENSATION BE PAID ONLY TO SMALL STOCKHOLDERS AND RESERVED RIGHT TO REJECT PROPOSED MANAGEMENT. INTERSINDICAL APPROVED MEASURES, AND ADDED THAT ELECTED UNION COMMITTEES IN AUTOMOBILE ASSEMBLY INDUSTRY (NOT YET NATIONALIZED) WILL STUDY RECONVERSION IN LIGHT OF "NEW PATHS OF ECONOMY." INTERSINDICAL SECRETARIAT WENT ON TO WARN WORKERS AGAINST THOSE WHO IN WORKERS' NAME TRY TO SABOTAGE REVOLUTIONARY PROCESS, USING AS EXAMPLE CAMPAIGN OF LIES AND CALUMNIES ON PART OF "SOME POLITICAL PARTIES" AGAINST INTERSINDICAL.

4. PS HASTENED TO SAY THAT NATIONALIZATIONS TAKEN HAD ALWAYS BEEN FORESEEN IN ITS OWN PROGRAM, AND APPEALED FOR THOSE WANTING TO REJOICE TO JOIN PRTY IN APRIL 20 LISBON RALLY.

5. PPD CLAIMED IT IS HAPPY WITH ECONOMIC MEASURES, BUT AT SAME TIME EXPRESSED ITS "CONFIDENCE AND FIRM INTENTION" THAT NATIONALIZATIONS BE TRANSLATED INTO AUTHENTIC SOCIALISM AND NOT STATE CAPITALISM. STATEMENT EMPHASIZED IMPORTANCE OF DEMARCATING SPHERE LEFT TO PRIVATE SECTOR, ORGANIZING MANAGEMENT OF NATIONALIZED COMPANIES, AND PAYING COMPENSATION.

6. MES LUKEWARMLY APPLAUDED MEASURES, BUT WARNED WORKERS THAT BOURGEOISIE WILL STILL TRY TO RECOUP THEIR POLITICAL POWER, AND TOLD THEM NOT TO HAVE FULL CONFIDENCE IN STILL-DIVIDED ARMED FORCES MOVEMENT (AFM). IT ALSO POINTED OT THAT PS AND PPD ARE BEING INCREASINGLY ISOLATED. PUP AND MRPP DERIDED NATIONALIZATIONS AS MANEUVER OF BOURGEOISIE.

7. INFORMATION COUNCIL ISSUED STATEMENT THAT ECONOMIC LIMITED OFFICIAL USE

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MEASURES WILL HAVE TO BE "REFLECTED" IN MEDIA. APRIL 18 REVOLUTIONARY COUNCIL COMMUNIQUE WARNED AGAINST "MANEUVER" OF SALARY REAISES MADE BY SOE COMPANIES WHOSE NATIONALIZATION IS FORESEEN, CREATING FINANCIAL DIFFICULTIES FOR THEM. IT ALSO WARNED THAT UNAUTHORIZED SALARY INCREASES IN COMPANIES BEING NATIONALIZED CONSTITUTES ECONOMIC SABOTAGE.

8. COMMENT:

A. CHORUS OF APPROVAL FOR MEASURES APPEARS TO BE LARGELY ORCHESTRATED AND SOMETIMES HALF-HEARTED. SURPRISINGLY LACKING WERE ANY COMMUNIQUEES FROM PCP AND MDP/CDE, WHILE ABSENCE OF CDS OR PPM (MONARCHIST) COMMENT IS LESS SURPRISING.

B. JUST AS OCCURRED AFTER MARCH 11 COUP ATTEMPT, PCP AND ALLIES APPEAR TO BE IMPLYING THAT PS AND PPD ARE AT BEST LUKEWARM SUPPORTERS, AND AT WORST OPPONENTS, OF RECENT "PROGRESSIVE" STEPS.

C. DESPITE PUBLICIZED EXPRESSIONS OF CONTENT, THERE APPEAR TO BE SMALL SIGNS THAT SOME WORKERS ARE HAVING SECOND THOUGHTS ABOUT UNALLOYED BLESSINGS OF NATIONALIZATIONS. ALTHOUGH FOR BANK WORKERS (LISBON 2240) REGRETS APPEAR TO BE TOO LATE, THERE APPEARS GROWING OPPOSITION TO NATIONALIZATION OF THEATERS. CARLUCCI

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